



**UNIVERSITI PUTRA MALAYSIA**

**THE PROPENSITY TO LEAVE THE ORGANIZATION AMONG  
THE STAFF OF HOTEL INDUSTRY IN KUALA LUMPUR**

**LIM LAI CHOON**

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**THE PROPENSITY TO LEAVE THE ORGANIZATION AMONG  
THE STAFF OF HOTEL INDUSTRY IN KUALA LUMPUR**

**By**

**LIM LAI CHOON**

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**THE PROPENSITY TO LEAVE THE ORGANIZATION  
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By

**LIM LAI CHOON**

**October 2002**

**Chairperson: Professor Dr. Aminah Ahmad**

**Faculty: Educational Studies**

Competence workers play a major role in boosting the hotel industries. However, high staff turnover tends to inhibit their growth. Therefore it is rather important that the managers identify and understand the factors related to the propensity to leave.

The general objective of the study is to examine the predictors of hotel staff propensity to leave; and the mediating role of job satisfaction and organizational commitment. Specifically it aims to examine the relationship of research variables; and whether job satisfaction and organizational commitment mediate the effect of independent variables on the dependent variable.

The study was conducted in the selected hotels in Kuala Lumpur by using a questionnaire. A total of 238 valid responses were obtained.

Frequencies, descriptive, regression analysis, correlation and path analysis were used to analyze the data

There are two parts in the findings, the relationship of study variables and the role mediating variables. In the first part, findings show that self-esteem, emotional intelligence, role conflict, role ambiguity, work overload, perceived empowerment, perceived career advancement and perceived leader-staff relationship are significantly related to job satisfaction. All these variables are also found to be significantly related to propensity to leave and organizational commitment except for emotional intelligence. Job satisfaction and organizational commitment are also related to propensity to leave. In the second part, findings show that job satisfaction mediates the effect of emotional intelligence, role ambiguity, work overload, perceived empowerment and perceived leader-staff relationship on propensity to leave. Organizational commitment mediates the effect of self-esteem, role conflict, role ambiguity, work overload, perceived empowerment, perceived career advancement and perceived leader-staff relationship on propensity to leave.

Recommendations are suggested to mitigate or alleviate staff turnover. They include staff recruitment, training, more conducive and inspiring

workplace, greater empowerment and lastly less role conflict, role ambiguity and work overload.

Abstrak tesis yang dikemukakan kepada Senat Universiti Putra Malaysia  
sebagai memenuhi sebahagian keperluan untuk ijazah Master Sains

**KECENDERUNGAN BERHENTI KERJA DI KALANGAN PEKERJA  
INDUSTRY PERHOTELAN DI KUALA LUMPUR**

Oleh

**LIM LAI CHOON**

**Oktober 2002**

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Keupayaan pekerja memainkan peranan penting dalam perkembangan industri perhotelan. Namun, kecenderungan berhenti kerja yang tinggi di kalangan pekerja telah membantutkan pertumbuhan industri ini. Justeru itu, adalah penting bagi pengurus mengenalpasti dan memahami faktor-faktor yang berkaitan dengan kecenderungan berhenti kerja ini.

Objektif umum kajian adalah untuk mengenalpasti pembolehubah-pembolehubah yang menjangka kecenderungan berhenti kerja di kalangan pekerja-pekerja hotel serta peranan pembolehubah kepuasan kerja dan komitmen organisasi sebagai mediator. Secara khususnya, kajian ini bertujuan untuk mengenalpasti hubungan kaitan antara pembolehubah-pembolehubah kajian; serta mengenalpasti sama ada kepuasan kerja dan komitmen organisasi dapat memainkan peranan mediator dalam hubungan antara pembolehubah-pembolehubah bebas dengan pembolehubah terikat.

Kajian ini melibatkan hotel-hotel yang terpilih di Kuala Lumpur. Soal-selidik yang sah telah digunakan. Sejumlah 238 respons yang lengkap telah diperolehi. Analisis frekuensi, diskriptif, regresi, korelasi dan analisis arah aliran telah digunakan dalam penganalisan data.

Terdapat dua bahagian dalam penemuan iaitu hubungan perkaitan antara pembolehubah-pembolehubah kajian dan peranan pembolehubah-pembolehubah mediator. Di bahagian pertama, hasil kajian menunjukkan kebolehan sendiri, kepintaran emosi, konflik kerja, ketidakjelasan kerja, beban kerja, persepsi autonomi, persepsi prospek kerjaya dan persepsi hubungan majikan-pekerja mempunyai perkaitan yang signifikan dengan kepuasan kerja. Pembolehubah-pembolehubah tersebut juga didapati mempunyai perkaitan yang signifikan dengan kecenderungan berhenti kerja dan komitmen organisasi kecuali kepintaran emosi. Kepuasan kerja dan komitmen organisasi juga mempunyai kaitan yang signifikan dengan kecenderungan berhenti kerja. Di bahagian kedua, hasil kajian menunjukkan bahawa kepuasan kerja mengesani pengaruh kepintaran emosi, ketidakjelasan kerja, beban kerja, persepsi autonomi dan persepsi hubungan majikan-pekerja terhadap kecenderungan berhenti kerja. Komitmen organisasi mengesani pengaruh kebolehan sendiri, konflik kerja, ketidakjelasan kerja, beban kerja, persepsi autonomi, persepsi prospek kerjaya dan persepsi hubungan majikan-pekerja terhadap kecenderungan berhenti kerja.

Cadangan yang diperkenalkan untuk menyelesaikan atau meminimumkan masalah kecenderungan berhenti kerja ini termasuk pengambilan staf, pengendalian latihan, peningkatan suasana kerja yang kondusif dan menyeronokkan, peningkatan autonomi dan akhirnya pengurangan konflik kerja, ketidakjelasan kerja dan beban kerja



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To my family, you are and will always be my pillars of support. Without you, I would not be what I am today. I thank you from the bottom of my heart.

I certify that an Examination Committee met on 1<sup>st</sup> October, 2002 to conduct the final examination of Lim Lai Choon on her Master of Science thesis entitled "The Propensity to Leave the Organization among the Staff of Hotel Industry in Kuala Lumpur" in accordance with Universiti Pertanian Malaysia (Higher Degree) Act 1980 and Universiti Pertanian Malaysia (Higher Degree) Regulation 1981. The Committee recommends that the candidate be awarded the relevant degree. Members of the Examination Committee are as follows:

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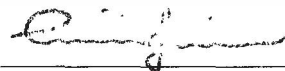
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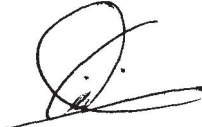
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## DECLARATION

I hereby declare that the thesis is based on my original work except for quotations and citations, which have been duly acknowledged. I also declare that it has not been previously or concurrently submitted for any other degree at UPM or other institutions.



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LIM LAI CHOON

Date: 1 OCTOBER 2002

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## **CHAPTER I**

### **INTRODUCTION**

In the era of this new millenium, many words like merging, outsourcing, downsizing, retrenchment and lay-off have suddenly become so common and rather familiar. These in fact are some of the strategies that companies begin to look into, to cut cost in time of today's economic slow down. Surprisingly, even in this sluggish state of economy where retrenchment, lay-off and the likes are often the case, yet, voluntary turnover among staff, still exist and severely disturb and create quite a challenge to the human resource department of many companies (Iverson and Pullman, 2000).

The problem of staff turnover facing by most companies mainly affects the skilled and the semi-skilled (white-collared). According to Font (2000), the world is facing a thin talent pool of work force. This is due to the trend of the baby boomers. The baby boomers are reaching their retirement stage and there is no other stage of baby boom there after. Hence, the labor force is beginning to shrink as the years proceed.

Thin talent pool of workforce could cause job-hopping (Font, 2000). However, factors that trigger the staff turnover are the behavior and attitude of the staff themselves (Fishbeine and Ajzen, 1975). According to Bluedorn (1982) and

Hom and Griffeth (1991) the study of staff turnover could not be explained by the behavior and attitude of the employee alone. In their study, individual characteristics need to be studied together with the job characteristics and organizational characteristics. In the earlier studies (before 1980's) most researchers include job satisfaction as the mediators in influencing staff turnover. In the contemporary studies, organizational commitment is also regarded as an important mediator (Hom & Griffeth, 1995). In this case, researcher is examining the significant path of relationship between individual, job and organizational characteristics and propensity to leave with the job satisfaction and organizational commitment as the mediators.

### **Background of Study**

Staff turnover is a serious problem of employers nowadays. According to a strategic analysis of employment and training needs by Centre for recruiting and training (CERT), the Tourism and Training agency, approximately 125,000 new recruits will be needed in the Tourism and Hospitality industry over the next five years. The CERT forecasts survey finds that an additional 100,000 vacancies will arise as a direct consequence of continuing labour turnover within individual businesses over the period 2002-2007 (O'Halloran, 2000). The survey by the Center for Organizational Research (COR) had found that 64% of the company taken into study had an annual staff turnover rate between

15% - 50%. Only a sizable minority (27%) continues to enjoy rates below 10% and the average rate is 23% (Harvard Management, 2001). In the hospitality industry such as restaurants and hotels, high rate of staff turnover has been reported by many researchers since the last three decades (Azlinzuraini, 2001). The forecasts survey conducted by CERT also show the seriousness of staff turnover. According to the forecasts, the number of new recruits required by sectors will peak in 2006. Hotels and restaurants alone will require just over 11,000 new employees as a consequence of high staff turnover (O'Halloran, 2000).

According to Maddern (2000), 20% turnover rate has become the norm in the technology world. Some studies place the figure as high as 25%, a major increase from the traditional rate of 6%. In addition, the time involved in replacing a lost employee and getting a new employee as productive, usually averages around nine months or more (Maddern, 2000).

The Harvard Management (2001) has gathered a cost-benefit analysis of turnover from The Human Resource Consulting Firm Development Dimensions International (Pittsburgh). By using the result of this analysis, the cost of losing and replacing an employee could be roughly estimated but the cost may vary



widely as it depends on the individual and industry involved. Table 1 below shows the average cost of replacing a manager, which is very close to \$108,000.

Table 1: The cost for replacing a manager

Particulars	Cost
Advertising	\$ 6,000
Serverance	\$4,000
Candidate Travel Costs	\$1,250
Interview Costs	\$ 720
Adminitrative Costs to process all candidates	\$ 400
Total Cost per hire	\$107,970
Relocation costs	\$50,000
Lost opportunities/Hidden Costs	\$30,000
Training	\$15,600

Source: The Harvard Management, 2001, p.1

Based on the cost benefit analysis, staff turnover does affect the companies rather seriously. Naturally this problem also indirectly affect the country's economy. It seems more so especially in the service sector since this sector is said to be a vital source of country's economy besides manufacturing. As can be seen from the Malaysian Economic Report 2001/2002 in Table 2, service sector has injected 4.8% into the country's economy in the year 2000 and are said to be the second highest after manufacturing sector (Malaysian Economic Planning Unit, 2002).